

**Illinois Department of Revenue
Regulations**

Title 86 Part 440 Section 440.220 Tax-Free Sales of Cigarettes for Use Aboard Ships Operating in Foreign Commerce Outside The Continental Limits of the United States

TITLE 86: REVENUE

**PART 440
CIGARETTE TAX ACT**

Section 440.220 Tax-Free Sales of Cigarettes for Use Aboard Ships Operating in Foreign Commerce Outside The Continental Limits of the United States

- a) Subject to the conditions stated in this Section, Illinois licensed distributors of cigarettes may make tax-free sales of cigarettes to operators of ships docked in the Port of Chicago where cigarettes will be used aboard ships operating in foreign commerce outside the continental limits of the United States. However, sales of cigarettes may not be made tax-free for use on ships operating exclusively on the Great Lakes or the St. Lawrence Seaway between the United States and Canadian ports.
- b) In order for the exemption to apply where the cigarettes will be used aboard ships operating in foreign commerce outside the continental limits of the United States, the sale must be made by an Illinois licensed cigarette distributor who has a United States Government permit to maintain an export warehouse at the licensee's place of business for the purpose of selling cigarettes and supplies to vessels that are docked in the Port of Chicago. A distributor must keep in his books and records the name of the ship to which the distributor delivers the cigarettes and the name of the shipping line operating the ship. Only cigarettes that are delivered from a bonded warehouse and that are exempt from the Federal tax can qualify for the exemption provided for in this Section.
- c) In addition, to sustain a claim to the exemption, the distributor must attach a schedule to his return for the month in which the exemption is claimed, showing the following information:
 - 1) The name of the distributor making the sale;
 - 2) the number of cigarettes delivered to such purchaser;
 - 3) the date and invoice number for such delivery; and
 - 4) the reason for the exemption, e.g., a statement that the cigarettes are to be used aboard a ship in foreign commerce outside the continental limits of the United States.
- d) This deduction or claimed exemption must be substantiated by the records that the distributor keeps to comply with customs' requirements of the Federal Government, and the records must be made available to the Department on request for examination at

any time during the usual business hours of the day.

(Source: Amended at 27 Ill. Reg. 1618, effective January 15, 2003)